

105TH CONGRESS
1ST SESSION

H. R. 340

To amend the Internal Revenue Code of 1986 to repeal the withholding of income taxes and to require individuals to pay estimated taxes on a monthly basis.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. STEARNS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to repeal the withholding of income taxes and to require individuals to pay estimated taxes on a monthly basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REPEAL OF INCOME TAX WITHHOLDING.**

4 (a) IN GENERAL.—Chapter 24 of the Internal Reve-
5 nue Code of 1986 (relating to withholding from wages)
6 is amended by adding at the end the following new section:

7 **“SEC. 3407. TERMINATION.**

8 “No tax shall be imposed by this chapter on any
9 amount paid after December 31, 1997.”

1 (b) CLERICAL AMENDMENT.—The table of sections
 2 for such chapter 24 is amended by adding at the end the
 3 following new item:

“Sec. 3407. Termination.”

4 **SEC. 2. MONTHLY PAYMENTS OF ESTIMATED TAXES.**

5 (a) IN GENERAL.—Subsection (c) of section 6654 of
 6 the Internal Revenue Code of 1986 (relating to estimated
 7 income tax for individuals) is amended to read as follows:

8 “(c) NUMBER OF REQUIRED INSTALLMENTS; DUE
 9 DATES.—For purposes of this section—

10 “(1) PAYABLE MONTHLY.—There shall be 12
 11 required installments for each taxable year, one for
 12 each calendar month.

13 “(2) TIME FOR PAYMENT OF INSTALLMENTS.—
 14 The due date for each required installment shall be
 15 the 15th day of the following month.”

16 (b) CONFORMING AMENDMENTS.—

17 (1) Subparagraph (A) of section 6654(d)(1) of
 18 such Code is amended by striking “25 percent” and
 19 inserting “8.25 percent”.

20 (2) Clause (ii) of section 6654(d)(2)(C) of such
 21 Code is amended to read as follows:

22 “(ii) APPLICABLE PERCENTAGE.—The
 23 applicable percentage is—

24 “(I) 7.5 percent for the 1st re-
 25 quired installment, and

1 “(II) for each installment there-
2 after during the taxable year, the sum
3 of 7.5 percentage points and the ap-
4 plicable percentage of the prior in-
5 stallment.”

6 (3) Section 6654 of such Code is amended by
7 striking subsection (j) and by redesignating sub-
8 sections (k) and (l) as subsections (j) and (k), re-
9 spectively.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 1997.

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